

PAR 1147 PRELIMINARY DRAFT BOARD LETTER

PROPOSAL: Amend Rule 1147 – NO_x Reductions from Miscellaneous Sources

SYNOPSIS: The proposed amendment to Rule 1147 will address compliance challenges currently being experienced. Staff is recommending delay of NO_x emission limit compliance dates for existing (in-use) permitted equipment. The proposed amended rule will also limit the requirement for gas fuel meters to equipment that comply with the NO_x emission level using the pound per million Btu emission limit. Staff is also proposing to eliminate the requirement for time meters.

Background

Rule 1147 – NO_x Reductions from Miscellaneous Sources, was adopted by the AQMD Governing Board on December 5, 2008. Rule 1147 established nitrogen oxide (NO_x) emission limits for a wide variety of combustion equipment. The rule affects new and existing (in-use) combustion equipment requiring permits that are not regulated by other AQMD NO_x rules.

Under Rule 1147, regulated equipment must meet an emission limit of 30 to 60 parts per million (ppm) of NO_x based on the type of equipment and process temperature. Compliance dates for emission limits are based on the date of equipment manufacture and emission limits are applicable to older equipment first. Owners of equipment are provided at least 15 years before they must modify or replace existing equipment to meet emission limits.

Rule 1147 also establishes test methods and provides alternate compliance options including a process for certification of equipment NO_x emissions through an approved testing program. Other requirements include equipment maintenance, meters and recordkeeping.

Rule 1147 implemented control measure CMB-01 of the 2007 Air Quality Management Plan (AQMP) and is a vital component of our PM_{2.5} attainment strategy to meet the federal ambient air quality standard by 2014 as well as provide reductions to meet the ozone standard.

This board letter serves as the staff report for this proposal.

Affected Facilities

Proposed Amended Rule (PAR) 1147 affects manufacturers (NAICS 33), distributors and wholesalers (NAICS 42) of combustion equipment, as well as owners and operators of ovens, dryers, furnaces, and other equipment in the district (NAICS 21, 23, 31-33, 42, 44, 45, 48, 49, 51-56, 61, 62, 71, 72, 81, and 92). The units affected by the proposed rule are used in industrial,

commercial and institutional settings for a wide variety of processes. Some examples of the processes regulated by the rule include metal casting and forging, coating and curing operations, asphalt manufacturing, baking and printing.

Staff originally estimated approximately 6,600 units subject to the emission limits of Rule 1147 are located at approximately 3,000 facilities. That estimate included about 2,200 facilities that are expected to require retrofit of burners in their equipment. Staff estimated as many as 2,500 permitted units with NOx emission limits greater than one pound per day and an additional 2,500 permitted units with NOx emission limits of less than one pound per day will require modification to comply with the emission limits. About 1,600 additional units at about 800 facilities affected by PR1147 were estimated to meet the NOx emission limits of Rule 1147. All units will meet the Rule 1147 NOx limits by 2023.

Summary of Proposal

To respond to compliance challenges currently being experienced, staff is recommending delay of the NOx emission limit compliance dates for existing (in-use) permitted equipment. The following table provides a summary of the existing compliance dates for in-use equipment in Rule 1147 and the proposed changes:

Current and Proposed Compliance Schedule for In-Use Units

Equipment Category(ies)	Compliance Dates in Existing Rule	Proposed Compliance Dates
Remediation UNIT Upon combustion modification or change of location for units manufactured prior to 1998	Beginning January 1, 2011	Beginning January 1, 2012
Tar Pot Permit Application for Change of Ownership or New Equipment	Beginning January 1, 2012	Beginning January 1, 2013
Afterburner, degassing unit, catalytic oxidizer, thermal oxidizer, vapor incinerator, evaporator, food oven, fryer, heated process tank, parts washer or spray booth make-up air heater manufactured prior to 1998	July 1, 2013	July 1, 2013
Other UNIT manufactured prior to 1986	July 1, 2010	July 1, 2012
Other UNIT manufactured prior to 1992	July 1, 2011	July 1, 2012
Other UNIT manufactured prior to 1998	July 1, 2012	July 1, 2013
Any UNIT manufactured after 1997	July 1 of the year the unit is 15 years old	July 1 of the year the unit is 15 years old

The proposed rule also limits the requirement for gas fuel meters to equipment that comply with the NOx emission limit as expressed in pounds per million Btu. Staff is also proposing to eliminate the requirement for time meters. Staff is proposing the following amendment to paragraph (c)(8) of Rule 1147:

~~On or after January 1, 2011, a~~Any person owning or operating a unit subject to this rule electing to comply with an emission limit in Table 1 expressed in pounds per million BTU or required to comply with an emission limit expressed in pounds per million BTU pursuant to paragraph (c)(3), shall install and maintain in service non-resettable, totalizing, fuel ~~and time~~ meters for each unit's fuel(s) at the time a District permit is required for operation of a new, relocated, or modified unit or, for in-use units, in accordance with the compliance schedule in Table 2. Owners or operators of a unit with a combustion system that operates at only one firing rate that comply with an emission limit expressed in pounds per million BTU shall install a non-resettable, totalizing, time or fuel meter for each fuel.

Emissions and Cost Effectiveness

The proposed amendment will result in emission reductions forgone of 1.4, 0.7, 0.06, 0.12 and 0.6 tons per day in 2011, 2012, 2015, 2016 and 2017 respectively. Emission reductions are forgone from 2015 through 2018 because units with emissions of one pound per day or less have five years more than units with emissions greater than one pound per day. A delay for units with emissions greater than one pound per day also provides a delay for lower emitting units. However, PAR 1147 will achieve the same reductions as the existing rule in 2013, 2014, 2018 and later years. As PAR 1147 provides delays of compliance dates and other proposed changes do not affect emission limits, there is no additional cost and a cost effectiveness analysis was not prepared.

California Environmental Quality Act (CEQA) Analysis

Pursuant to the California Environmental Quality Act (CEQA) and SCAQMD's Certified Regulatory Program (Rule 110), the SCAQMD is preparing a Notice of Preparation/Initial Study (NOP/IS) for the proposed amendments to Rule 1147. The NOP/IS serves two purposes: 1) to solicit information on the scope of the environmental analysis for the proposed project, and 2) to notify the public that the SCAQMD will prepare a Draft Environmental Assessment (EA) to further assess potential environmental impacts that may result from implementing the proposed project. The proposed project may have statewide, regional or area-wide significance; therefore, a CEQA scoping meeting is required (pursuant to Public Resources Code §21083.9(a)(2)). The public workshop scheduled for January 26, 2011 will also serve as a CEQA scoping meeting for the proposed actions.

Comments received at the public workshop/CEQA scoping meeting on the environmental analysis will be considered when preparing the EA. When released, the NOP/IS will be available for public comment and review for 30 days. Upon completion of the public review and

comment period for the NOP/IS, responses to comments received relative to the NOP/IS will be prepared and incorporated into the Draft EA that will be subsequently prepared and circulated for a 45-day public review and comment period.

Socioeconomic Analysis

The proposed amendments provide regulatory relief. As such, no additional costs beyond those determined in the socioeconomic analysis for the original adoption of the rule in 2008 is expected.

Draft Findings under California Health and Safety (H&S) Code

California H&S Code §40727 requires that prior to adopting, amending or repealing a rule or regulation, the AQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the staff report.

Necessity

A need exists to amend Rule 1147 to provide the regulated community with additional time for compliance due to an economic downturn and to minimize the cost impacts of the rule by limiting the requirements for fuel and time meters only to those applications that are necessary to demonstrate compliance.

Authority

The AQMD Governing Board has authority to amend existing Rule 1147 pursuant to California H&S Code §§ 39002, 40000, 40001, 40440, 40441, 40702, 40725 through 40728, and 41508.

Clarity

The proposed amended rule is written or displayed so that its meaning can be easily understood by the persons directly affected.

Consistency

The proposed amended rule is in harmony with and not in conflict with or contradictory to, existing statutes, court decisions or state or federal regulations.

Non-Duplication

The proposed amended rule will not impose the same requirements as any existing state or federal regulations. The amendments are necessary and proper to execute the powers and duties granted to, and imposed upon, AQMD.

Reference

By adopting the proposed amended rule, the AQMD Governing Board will be implementing, interpreting and making specific the provisions of the California H&S Code §§ 39002, 40001, 40440(a), 40702, and 40725 through 40728.5.

Comparative Analysis

A comparative analysis, as required by H&S Code §40727.2, is applicable when an amended rule or regulation imposes, or has the potential to impose, a new emissions limit, or other air pollution control requirements. The proposed amendment does not impose new requirements and a comparative analysis is not required.

Incremental Cost Effectiveness

California H&S Code § 40920.6 requires an incremental cost effectiveness analysis for BARCT rules or emission reduction strategies when there is more than one control option which would achieve the emission reduction objective of the proposed amendments, relative to ozone, CO, SO_x, NO_x, and their precursors. The proposed amendment does not include new BARCT requirements; therefore this provision does not apply to the proposed amendment.

Resource Impacts

Existing staff resources are adequate to implement the proposed amendments.

Attachments

Proposed Amended Rule